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Attorney for Defendant and Cross-Complainant,
GERALD ARMSTRONG

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

CHURCH OF SCIENTOLOGY OF)
CALIFORNIA, a California)
corporation,)

Plaintiff,)

-vs-)

GERALD ARMSTRONG, DOES 1)
through 10, inclusive,)

Defendants.)

NO. C 420153

CROSS-COMPLAINT FOR DAMAGES
(Fraud, Breach of Contract and
Infliction of Emotional Distress)

(Filed concurrently with Answer
to Complaint)

GERALD ARMSTRONG,)

Cross-Complainant,)

-vs-)

CHURCH OF SCIENTOLOGY OF)
CALIFORNIA, a California)
corporation, L. RON HUBBARD)
and DOES 1 through 100,)
inclusive,)

Cross-Defendants.)

Cross-Complainant, GERALD ARMSTRONG, alleges as

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follows:

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I.

PARTIES

1. Cross-Defendant, CHURCH OF SCIENTOLOGY OF CALIFORNIA, hereinafter cross-defendant "CALIFORNIA" is a corporation organized and existing under the laws of the State of California, having a principal office and place of business in California and it is doing business in the State of California and within the territorial jurisdiction of this Court.

2. Cross-Defendant, L. RON HUBBARD, is the founder of the CHURCH OF SCIENTOLOGY OF CALIFORNIA and at all times material to this Cross-Complaint was, by virtue of his role as the founder and leader of Scientology, overall supervisor of the Guardian's Office and of the Sea Organization of the Church of Scientology of California. The Guardian's Office and Sea Organization had agents operating in California under the ultimate control of L. RON HUBBARD. L. RON HUBBARD was knowledgeable and had ultimate control over the activities of employees of California and specifically over the Guardian's Office and Sea Organization as pled herein. L. RON HUBBARD was a resident of the State of California from early 1976 through several months into 1980 at which time some of the acts complained of against the cross-defendants herein commenced although said acts were not discovered until the fall of 1981. L. RON HUBBARD has a legal address in the State of California although he is now concealing his whereabouts through an elaborate system with the goal of avoiding service of legal process or summons. The acts alleged herein of California are acts as agents of L. RON HUBBARD and

1 said acts constituted a course of conduct carried on within the
2 state of California under the orders and supervision of L. RON
3 HUBBARD. The acts of L. RON HUBBARD against cross-complainant
4 were causing consequences in the State of California by fraudu-
5 lently using the services, time, and labor of the cross-
6 complainant. L. RON HUBBARD (hereinafter cross-defendant
7 "HUBBARD") is believed to be in the State of California, however
8 he conceals his actual whereabouts.

9 3. Cross-defendants, DOES 1 through 100, inclusive, are
10 sued herein under such fictitious names for the reason that the
11 true names and capacities of said cross-defendants are unknown
12 to cross-complainant at this time; that when the true names and
13 capacities of said cross-defendants are ascertained cross-
14 complainant will ask leave of Court to amend this Cross-Complaint
15 to insert the true names and capacities of said fictitiously
16 named cross-defendants, together with any additional allegations
17 that may be necessary in regard thereto; that each of said
18 fictitiously named cross-defendants claim that cross-complainant
19 has a legal obligation to cross-defendants by virtue of the
20 facts referred to below; that each of said fictitiously named
21 cross-defendants are in some manner legally responsible for the
22 acts and occurrences hereinafter alleged.

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24 II.

25 FACTUAL ALLEGATIONS

26 4. At all times material herein, HUBBARD and CALIFONIA
27 held themselves out to the cross-complainant to be a part of a
28 legitimate, law-abiding, scientific, educational organization

engaged in the business of providing goods and services as a non-profit organization wherever they were authorized by law to do business. CALIFORNIA and HUBBARD perpetrated the acts set forth in this Cross-Complaint as a matter of written policy, composed, implemented and enforced by the individual cross-defendant, HUBBARD, and specifically implemented against the cross-complainant by the employees and agents of HUBBARD and CALIFORNIA pursuant to the written directives and policy of HUBBARD. The policies, doctrine and conduct alleged herein constitute a civil conspiracy by HUBBARD and CALIFORNIA to commit the torts set forth herein.

5. HUBBARD and CALIFORNIA have for a period exceeding 15 years engaged in a pattern of mail fraud and conspiracy to commit mail fraud. In connection with said mail fraud, cross-defendants, CALIFORNIA and HUBBARD, wrote, published and disseminated the publications set forth below through the mails to cross-complainant in at least three separate places on numerous occasions as follows: September 1969 - February, 1971 in Vancouver, British Columbia; February 1971 in Los Angeles, California; February 1971 - 1975, on the yacht, Apollo; 1975 - 1979 in Clearwater, Florida; and 1977 - December 1981, in California. The following publications contain selected examples of "non-religious", "false", secular representations as excerpted from a federal judgment in the case set forth in paragraph 5 of this Cross-Complaint, and made to cross-defendant:

(a) Eight-page pamphlet, entitled "What is Scientology?" "Scientology is today the only successfully validated psychotherapy in the world. Tens of thousands of completely

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documented cases exist in the files
of the Hubbard association of
Scientologists International.

"The first science to put the case of
psychotherapy within the range of any
person's pocketbook. A complete
Freudian analysis costs \$8000 to
\$15,000. Better results can be

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achieved in Scientology for \$25.00 and on a group basis for a few dollars."

"The first science to make whole classes of backward children averagely bright using only drills the teacher can do a few minutes in each day."

"The first science to determine the basic cause of disease."

"The first science to contain exact technology to routinely alleviate physical illnesses with complete predictable success."

"The first science of mind to prove conclusively that physical illness can stem from mental disturbance, a fact with Freud held only as a theory, and only seldom demonstrated."

(b) Twenty-four pamphlet, entitled "Ability Issue 71: Being Clear and How to Get There," by L. Ron Hubbard.

"Scientologically, the optimum individual is called the clear. One will hear much of that word, both as a noun and a verb, so it is well to spend the time here at the outset setting forth exactly what can be called a clear, the goal of Scientology processing.

"A clear can be tested for any and all psychoses, neuroses, compulsions and represssions (all aberrations) and can be examined for any autogenic (self generated) diseases referred to as psychosomatic ills. These tests confirm the clear to be entirely

without such ills or aberrations. Additional tests of his intelligence indicate it to be high above the current norm. Observation of his activity demonstrates that he pursues existence with vigor and satisfaction.

"Further, these results can be obtained on a comparative basis. A neurotic individual, possessed also of psychosomatic ills, can be tested for those aberrations and illnesses demonstrating they exist. He can then be given Scientology processing to the end of clearing these neuroses and ills. Finally, he can be examined, with the above results. This, in passing, is an experiment which has been performed many times with invariable results. It is a matter of laboratory test that all individuals who have organically complete nervous systems respond in this fashion to Scientology clearing."

(c) Book, entitled "Dianetics: The Modern Science of Mental Health," by L. Ron Hubbard.

"Simple though it is, dianetics does and is these things:

1. Is an organized science of thought built on definite axioms: statements of natural laws on the order of those of the physical sciences.
2. It contains a therapeutic technique with which can be treated all inorganic mental ills and all psychosomatic ills, with assurance of complete cure in un-

selected cases.

3. It produces a condition of ability and rationality for Man well in advance of the current norm, enhancing rather than destroying his vigor and personality.
4. Dianetics gives a complete insight into the full potentialities of the mind, discovering them to be well in excess of past supposition.
5. The basic nature of man is discovered in dianetics rather than hazarded or postulated, since that basic nature can be brought into action in any individual completely. And that basic nature is discovered to be good.
6. The single source of mental derangement is discovered and demonstrated, on a clinical or laboratory basis, by dianetics.
7. The extent, storage capacity and recallability of the human memory is finally established by dianetics.
8. The full recording abilities of the mind are discovered by dianetics with the conclusion that they are quite dissimilar to former suppositions.
9. Dianetics brings forth the non-germ theory of disease, complementing bio-chemistry and Pasteur's work on the germ theory to embrace the field.
10. With dianetics ends the "necessity of destroying the brain by shock or surgery to effect "tractability" in mental patients and "adjust" them.
11. A workable explanation of the physiological

effects of drugs and endocrine substances exists in dianetics and many problems posed by endocrinology are answered."

"Chapter V

PSYCHO-SOMATIC ILLNESS"

"Psycho-somatic illnesses are those which have a mental origin but which are nevertheless organic. Despite the fact that there existed no precise scientific proof of this before dianetics, and opinion as to their existence has been strong since the days of Greece, and in recent times various drug preparations have been concocted and sold which were supposed to overcome these sicknesses. Some success was experienced, sufficient to warrant a great deal of work on the part of researchers. Peptic ulcers, for instance, have yielded to persuasion and environmental change. A recent drug called ACTH has had astonishing but wildly unpredictable results. Allergies have been found to yield more or less to things which depressed histamine in the body.

"the problem of psycho-somatic illness is entirely embraced by dianetics, and by dianetic technique such illness has been eradicated entirely in every case."

"On the physical therapy level anything as violent as surgery or exodontistry in the psycho-somatic place is utter barbarism in the light of dianetics. 'Toothache' is normally psycho-somatic."

Organic illnesses enough to fill several catalogues are psycho-somatic. No recourse to surgery of any kind should be had until it is certain that the ailment is not psycho-somatic or that the illness will not diminish by itself if the potency of the reactive mind is reduced.

(d) Twelve-page pamphlet, entitled "Ability Issue 72"

(e) Sixty-four page booklet entitled "Scientology: The Fundamentals of Thought", by L. Ron Hubbard. Subtitle: "The Basic Book of the Theory and Practice of Scientology for Beginners".

Scientology is that branch of psychology which treats of (embraces) human ability. It is an extension of DIANETICS * * * Scientology is actually a new but very basic psychology in the most exact meaning of the word. It can and does change behaviour and intelligence and it can and does assist people to study life.

Scientology, used by the trained and untrained person improves the health, intelligence, ability, behaviour, skill and appearance of people.

It is a precise and exact science, designed for an age of exact sciences.

Scientology is employed by an Auditor (one who listens and commands) as a set of drills (exercises, processes) upon the individual, and small or large groups. It

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is also employed as an educational (teaching) subject. It has been found that persons can be processed (drilled) in Scientology with Scientology exercises and can be made well of many, many illnesses and can become brighter, more alert and more competent. BUT if they are only processed they have a tendency to be overwhelmed or startled and although they may be brighter and more competent they are still held down by an ignorance of life. Therefore, it is far better to teach AND process (audit, drill) a person than only to process him. In other words the best use of Scientology is through processing and education in Scientology. In this way there is no imbalance. It is interesting that people only need to study Scientology to have some small rise in their own intelligence, behaviour and competence. The study itself is therapeutic (good medicine) by actual testing.

Tens of thousands of case histories (reports on patients, individual records) all sworn to (attested before public officials) are in the possession of the organizations of Scientology. No other subject on earth except physics and chemistry has had such grueling testing (proofs, exact findings). Scientology, in the hands of an expert (Auditor) can cure some 70% of Man's illnesses (sicknesses). Scientology is used by some of the largest companies (business organizations) on Earth. It is valid. It has been

1 tested. It is the only thoroughly tested system
2 of improving human relations, intelligence and charac-
3 ter and is the only one which does.
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- 5 (f) Seventy-one page booklet, entitled "The Problems
6 of Work," by L. Ron Hubbard.

7 "Scientology is the first American science of Man.

8 It is the technical know-how of the American applied
9 to himself. In contrast to the metaphysical thinking
10 of Europe that has formed the basis of our concepts
11 of ourselves, Scientology is a technology, is factual
12 and is exact as the technologies that base the develop-
13 ment of the atom bomb...and it has a like source -
14 the first class in nuclear physics, taught at George
15 Washington University.

16 "Scientology can and does change human behavior
17 for the better. It puts the individual under control
18 of himself - where he belongs. Scientology can
19 and does increase human intelligence. By the most
20 exact tests known it has been proven that Scientology
21 can greatly increase intelligence in the individual.
22 And Scientology can do other things. It can reduce
23 reaction time and it can pull the years off one's
24 appearance. But there is no intention here to give
25 a list of all it can do. It is a science of life
26 and it works. It adequately handles the basic
27 rules of life and it brings order into chaos.

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1 "The mysteries of life are not today, with Scientology,
2 very mysterious. Mystery is not a needful ingredient..
3 Only the very aberrated man desires to have vast
4 secrets held away from him. Scientology has slashed
5 through many of the complexities which have been
6 erected for men and has bared the core of these prob-
7 lems. Scientology for the first time in man's history
8 can predictably raise his intelligence, increase ability,
9 bring about a return of the ability to play a game,
10 and permits man to escape from the dwindling spiral
11 of his own disabilities. Therefore, work itself
12 can become a game, a pleasant and happy thing.

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14 (g) "Hard cover book, 112 pages, entitled "All About
15 Radiation, by a Nuclear Physicist and a Medical
16 Doctor"

17 We care very little about whether there is radiation
18 in the atmosphere because a person who is in excellent
19 physical condition does not particularly suffer
20 mentally and thus physically from the effects of
21 radiation. When a person is at a level where his
22 general physical health is good, then this worry is
23 not capable of depressing him into ill-health. Ra-
24 diation is more of a mental than a physical problem
25 and Scientology handles that."

26 "The reaction to radiation in persons who have been
27 given Scientology processing is by actual tests much
28 lower than those who have not received it. We have

1 conducted many experiments in that direction. But
2 even we would find it very difficult and even anti-
3 pathetic to get everybody together and give them
4 the amount of group processing needed as safeguard
5 against radiation."

6 6. The foregoing publications and representations
7 have been excerpted and quoted directly from the "Appendix"
8 in the case of United States v. Article or Device, 333 F.Supp.
9 357 at p. 365 (Dis.Col.D. 1971), where a Federal Court found
10 that the quoted publications were "Non-religious, and Samples
11 of False or Misleading Claims, (Emphasis supplied). The Circuit
12 Court of Appeals affirmed the foregoing case, issuing the fol-
13 lowing "Judgment":

14 ORDERED, ADJUDGED, and DECREED that such condemned
15 E-meters and literature shall be deemed to comply
16 with the law if and only if they are used, sold or
17 distributed in accordance with the following specific
18 conditions:

- 19 1. E-meters shall be used or sold or distributed
20 only for use in bona fide religious counseling.
21 2. Each E-meter shall bear the following warning,
22 printed in 11-point leaded type, permanently affixed
23 to the front of the E-meter so that it is clearly
24 visible when the E-meter is used, sold or distributed:

25 The E-meter is not medically or scientifically
26 useful for the diagnosis, treatment, or preven-
27 tion of any disease. It is not medically or
28 scientifically capable of improving the health

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or bodily functions of anyone.

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3. Any and all items of written, printed, or graphic matter which directly or indirectly refers to the E-meter or to Dianetics and/or Scientology and/or auditing or processing shall not be further used or distributed unless and until the item shall bear the following prominent printed warning permanently affixed to said item on the outside front cover or on the title page in letters no smaller than 11-point leaded type:

WARNING

The device known as as Hubbard Electrometer, or E-Meter, used in auditing, a process of Scientology and Dianetics, is not medically or scientifically useful for the diagnosis, treatment, or prevention of any disease. It is not medically or scientifically capable of improving the health or bodily functions of anyone.

7. Between the years 1972 and 1981 cross-complainant was entitled to receive the "Warning" required by said Judgment specifically in connection with the publications and the representations therein, published by the Church of Scientology of California and read and relief upon by the cross-complainant:

- (a) Eight-page pamphlet entitled "What is Scientology?";
- (b) Book entitled "Dianetics: The Modern Science of Mental Health";

(c) Book entitled: "All About Radiation, by a Nuclear Physicist and a Medical Doctor"

8. Notwithstanding the foregoing "Judgment" between 1972 and 1981, cross-complainant paid for and received from California the publications set forth in paragraphs 5 and 6, did not receive the foregoing "Warning"; and was told the following by an employee of California:

- (a) Scientology is an educational, scientific, non-profit organization, abiding by the laws of the United States governing non-profit, organizations, dedicated to the well-being of mankind and engaged in lawful, educational and scientific research, study and practices;
- (b) Scientology and auditing were scientifically guaranteed to cure health problems and diseases;
- (c) Scientology and auditing were scientifically guaranteed to raise plaintiff's I.Q.;
- (d) Scientology and auditing were scientifically guaranteed to promote family unity and preserve marriages;
- (e) L. Ron Hubbard, was a nuclear physicist and a Medical Doctor with degrees from George Washington University and Princeton University. Hubbard was a war hero; he was severely wounded after serving 4 years in actual combat in the South Pacific from 1941 through 1944; and that he cured himself through auditing while spending one year in a military hospital for wounds, including

blindness from an exploding shell, received in combat. California agents showed cross-complainant numerous publications with the foregoing representations.

- (f) Auditing disclosures were completely confidential;
- (g) Scientology and auditing were scientifically guaranteed to prevent colds, improve eyesight, cure neuroses, cure mental, physical and emotional problems. Hubbard was the living proof that physical illness such as combat wounds could be cured, and after the war he completely healed himself.
- (h) Scientology and auditing were scientifically guaranteed to improve cross-complainant's career opportunities.
- (i) Hubbard was a world renowned explorer having completed numerous expeditions.

9. Between 1972 and 1981, cross-complainant specifically relied upon the foregoing representations set forth in paragraph 8 and the publications set forth in paragraph 5. Cross-Complainant particularly and expressly relied upon the representations that L. Ron Hubbard was a medical doctor, a nuclear physicist, college graduate from George Washington University and Princeton, that Hubbard had served 4 years in actual combat and healed himself of combat wounds including blindness from an exploding shell through the power of Scientology, dianetics and auditing. Cross-Complainant specifically relied upon the representations that "California" and Scientology were a world-wide

scientific, educational organization engaged in law-abiding, scientific practices and policies throughout the United States and the world.

10. Between 1972 and 1981, cross-complainant paid for and received from California all of the publications set forth in paragraph 5, which he had not previously purchased. Cross-complainant also purchased additional publications, which together with those set forth in paragraph 7, did not have the "Warning" required by said "Judgment set forth in paragraph 6. In addition, cross-complainant read in these publications and was told by employees of California on a regular basis the following:

If cross-complainant undertook "auditing", all information disclosed in "auditing" would remain confidential with his "auditor" and he was "scientifically guaranteed" the following benefits:

- a) It would cure all mental, emotional and physical problems;
- b) It would raise his I.Q. level;
- c) It would prevent and cure colds;
- d) It would improve eyesight of cross-complainant;
- e) It would increase cross-complainant's career opportunities;
- f) It would raise the I.Q. of cross-complainant.

11. Cross-complainant particularly relied upon the fact that his "auditor" would keep confidential everything he told him, that "auditing" was invented by Hubbard, that Hubbard was a medical doctor, a nuclear

1 physicist, a college graduate, and that Hubbard invented "audit
2 after being severely wounded in 4 years of combat, in order to
3 cure his blindness from war wounds.

4 12. As a result of the foregoing, between 1972 and 1981
5 cross-complainant underwent numerous "auditing" sessions during
6 which he disclosed virtually every detail of his personal life and
7 every detail he knew about other lives, including his parents.

8 13. Between February 1971 and 1975, California placed
9 cross-complainant on the Apollo where he was made to participate
10 in an extensive and continuous "operation" to conceal Hubbard's
11 control of all Scientology organizations. Cross-complainant
12 observed the senior executives of California continuously perpetrate
13 schemes to conceal Hubbard's presence on the Apollo and
14 authority over every Scientology organization when the Apollo was
15 in various ports in the world. Cross-complainant personally
16 observed Hubbard establish the "wages" of the ship's crew which
17 Hubbard would change at any time for any reason. In order to
18 maintain complete autonomy over all corporations including
19 California, no Board of Directors' members were given any authority
20 and could be changed by Hubbard at any time. Hubbard's public
21 position was that he had resigned as an officer of all Scientology
22 organizations and exercised no authority over them which was false.
23 At the time, Hubbard and California stated to the cross-complainant
24 that such conduct was legal and proper. Cross-complainant learned in
25 1981 that such "operations" were designed to deceive the I.R.S. and
26 violate Federal laws relating to non-profit organizations. Cross-complainant
27 was also told that California and Scientology were not really
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1 a religion but that it created a "public image" for tax purposes
2 of being a religion.

3 14. Between 1971 and March 1980, cross-complainant
4 physically observed Hubbard in California, on the ship Apollo and
5 in Clearwater, Florida, operate the Church of Scientology through
6 out the world. Hubbard's operations and his control of Sciento-
7 logy during this period of time involved hundreds of criminal
8 operations to burglarize and steal from government agencies and
9 private agencies and groups; and also to attack and destroy
10 private agencies and groups, as more fully set forth infra. Cross-
11 complainant did not learn of the nature of these "operations"
12 until 1980-1981, but he was made to unknowingly participate in
13 them, from the time he was on the "Apollo" until 1981. Cross-
14 complainant observed the shredding of thousands of documents
15 between 1978 and 1981 which contained some of the criminal
16 operations hereinafter set forth.

17 15. Between 1971 and December 1981, cross-complainant
18 unwittingly participated as an employee and agent of California
19 in the production of income for California which was used for the
20 criminal operations and tortious and fraudulent activities and
21 representations set forth in this Cross-Complaint. Cross-
22 complainant was deceived by Hubbard and California as to the true
23 nature and purpose of what California's funds were being used for.
24 He contributed his time and work to assist in the production of
25 said funds.

26 16. Between 1971 and 1980, it was continuously repre-
27 sented to cross-complainant that Hubbard was a nuclear physicist,

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1 a graduate of many universities including Princeton, had cured
2 his own blindness and other wounds with auditing, which wounds
3 he received during 4 years of actual combat in WWII, that Sci-
4 entology and auditing were scientifically guaranteed to
5 cure any disease and solve any problem, that Scientology was
6 a scientific and educational organization operating in ac-
7 cordance with all of the laws of the United States and that
8 auditing was absolutely confidential.

9 17. Between 1971 and December, 1981, cross-complainant
10 underwent numerous "auditing sessions" and "security checks"
11 during which period of time he revealed everything about him-
12 self and his family.

13 18. In 1979, after considerable information began
14 to be disseminated in the public press about the criminal and
15 tortious activities of California including the indictment
16 of 11 of the highest ranking executives of California, California
17 coerced most of its employees including the cross-complainant into
18 signing various legal releases and non-disclosure bonds in
19 order to prevent said employees from revealing any of the
20 criminal and tortious acts of California and Hubbard.

21 19. In 1980, Hubbard contracted with cross-complainant to
22 collect documents and materials about his background for the purpose
23 of a biography to be written by Omar V. Garrison. While
24 undertaking the aforesaid task, cross-complainant learned that the
25 representations and statement uniformly made in written publi-
26 cations and releases of California relative to Hubbard's back-
27 ground, qualifications, credentials, etc. were almost entirely
28 false.

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20. Contrary to the representations made to the cross-complainant, Hubbard is not a nuclear physicist, nor a medical doctor, did not graduate from George Washington University or Princeton, did not serve 4 years in combat, did not suffer any wounds as a result of combat, and did not cure blindness resulting from war wounds through auditing. Hubbard, in fact, never graduated from said universities, flunked the only physics course he ever took, never served in any combat, spent 4 years in the U.S. Navy in the United States, except for three months in Australia. Hubbard was relieved of duty on several occasions once in June 1943 when he ordered the crew of a ship to fire "practice rounds" off the coast of Mexico; and again relieved of duty in September 1944 when he found a coke bottle filled with gasoline with a wick attached on board his ship three days before the ship sailed to the South Pacific and into combat. Hubbard sought a disability from the V.A. for suicidal tendencies and mental illness, and was diagnosed as suffering from duodenal ulcers. He was involved in a bigamous marriage, stole funds from his partner, wrote bad checks and was generally chased by various authorities and creditors across the United States.

21. Following cross-complainant's departure from California in December 1981, he has been made subject to a "Suppressive Persons Declaration" which subjects him to the "Fair Game Doctrine". The Fair Game Doctrine is a policy of California

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7 written and copyrighted by Hubbard which states that cross-
 8 complainant is subject to being "destroyed" by California. Pursuant
 9 to said policy, cross-complainant has had materials stolen from
 10 him by agents and employees of Hubbard and California, he has been
 11 continually harassed by being followed, pushed, assaulted, and
 12 kept under constant surveillance by California's agents. Cross-
 13 complainant's auditing files have been sent to various executives
 14 within California in violation of the promise of confidentiality.
 15 Cross-complainant is presently in fear that his life is in danger.

16 CAUSE OF ACTION

17 FIRST CAUSE OF ACTION - BREACH OF CONTRACT

18 22. Cross-complainant realleges paragraphs 1 through 21
 19 hereof and further alleges:

20 23. Cross-defendant does not constitute, operate or
 21 function as a legitimate, scientific, educational and non-profit
 22 organization as represented to cross-complainant. Cross-defendant,
 23 intentionally and as a part of a scheme illustrated by corporate
 24 policy and doctrine, engaged in the following conduct in breach of
 25 the representations and promises made to the cross-complainant,
 26 which conduct constitutes a criminal conspiracy and which conduct
 27 is set forth in the "Stipulation of Evidence", executed by Mary
 28 Sue Hubbard, the highest official of California, and on file in
 Washington, D.C. For numerous years Hubbard and California
 committed the following acts on a routine basis as part of the
 daily operation of the Church of Scientology:

a. California committed perjury and adopted policies

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designed to perpetrate continued perjurious acts in direct contravention of the representations to the cross-complainant;

- b) California committed burglary and larceny and adopted policies designed to perpetrate continued burglaries and larcenous acts in direct contravention of representations to the cross-complainant;
- c) California illegally invaded the privacy of public and private persons and offices, and adopted policies designed to perpetrate continued acts of illegal invasion of privacy all in contravention of representations to the cross-complainant;
- d) California "framed", slandered libeled, cheated, mocked and attempted to destroy members of the Church and the public in contravention of representations to the cross-complainant;
- e) California diverted monies into Swiss bank accounts of Hubbard and others to be used for personal and illegal purposes violating laws and regulations governing non-profit institutions and in contravention of representations to the cross-complainant.

24. Contrary to the promises and representations made to cross-complainant, California and Hubbard did not:

- a) Keep confidential his auditing disclosures;
- b) Raise I.Q.;
- c) Cure physical disease and emotional problems;
- d) Increase career opportunities;
- e) Improve eyesight; and

f) Heal wounds and injuries quickly.

25. In consideration of the promises and representations made to him, cross-complainant

a) Invested eleven (11) years of his life, laboring an average of 80 hours per week for California and Hubbard without compensation;

b) Forfeited a formal education;

c) Suffered physical, emotional and mental trauma;

d) Was placed in fear and trepidation because of

the intimidating and harassive tactics of the cross-defendant pursuant to the "Fair Game Doctrine" written by Hubbard and enforced by "California", which doctrine states:

"Fair Game. May be deprived of property or injured by any means by any Scientologist without any discipline of the Scientologist. May be tricked, sued or lied to or destroyed."

e) Made personal disclosures about his life during intensive "auditing" sessions, which cross-complainant was promised would remain confidential and which California thereafter disclosed to third persons.

26. As a result of the breach of the promises and representations made by California and Hubbard, cross-complainant was damaged in the amount of Five Million (\$5,000,000.00) Dollars.

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SECOND CAUSE OF ACTION - FRAUD

27. Cross-complainant realleges paragraphs 1 through 26 hereof and further alleges:

28. Cross-defendant made the representations set forth in paragraphs 5 through 11 hereof, which representations are specifically incorporated in this Cause of Action. Said representations were and are false. Said representations were made by California and Hubbard with knowledge of their falsity or were made without regard to the truth or falsity of the representations and were made with the intent of inducing reliance on the part of the cross-complainant.

29. Cross-complainant relied on the representations made in paragraphs 5 through 11 in the manner set forth in paragraph 25, subparagraphs a) through e), which paragraphs are specifically incorporated by reference in this Cause of Action.

30. In reliance on said representations in the manner set forth in paragraphs 25, cross-complainant was damaged in the amount of Five Million Dollars (\$5,000,000.00). Cross-complainant further demands punitive damages in the amount of: Fifteen Million Dollars (\$15,000,000.00) for the intentional fraud perpetrated by the cross-defendants and for violation of a federal "Judgment" as applied to him.

THIRD CAUSE OF ACTION - FOR INTENTIONAL INFLICTION
OF EMOTIONAL DISTRESS OR OUTRAGEOUS CONDUCT

31. Cross-complainant realleges paragraphs 1 through 30 hereof and further alleges:

32. California and Hubbard pursued a systematic

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course of conduct pursuant to the "Fair Game Doctrine", which policy promotes harassment and intimidation of those opposed to scientology.

33. Pursuant to the policy of "Fair Game", California and Hubbard have declared cross-complainant to be a "Suppressive person" subject to said policy and have harassed cross-complainant as set forth in paragraph 21 hereof.

34. California and Hubbard promised and represented to cross-complainant that any and all information disclosed during auditing would remain confidential between the auditor and cross-complainant.

35. California and Hubbard breached the promise and disclosed to third persons the confidential information disclosed during auditing. Additionally, cross-defendants intentionally, and as part of a scheme adopted as policy and doctrine by the corporate cross-defendants, engaged in a systematic course of conduct designed and intended to disclose the information received during auditing and thereby to control and manipulate the cross-complainant. Cross-defendants have continuously harassed cross-complainant as set forth in paragraphs 43 and 44. Such a scheme was intentionally effectuated and inflicted severe emotional distress to the cross-complainant.

36. Cross-defendants' pattern of conduct in the policy of "Fair Game", and auditing disclosures, was designed and calculated to cause emotional, physical and psychological distress. Such a scheme was intentionally effectuated and inflicted severe mental, physical and emotional distress to cross-complainant. The scheme is outrageous and extreme beyond all

possible bounds of decency and utterly intolerable in a civilized community.

37. The foregoing course of conduct caused damage to the cross-complainant in the sum of Five Million (\$5,000,000.00) Dollars. Cross-complainant further demands punitive damages in the amount of Fifteen Million (\$15,000,000.00) Dollars.

FOURTH CAUSE OF ACTION

BREACH OF CONTRACT AGAINST L. RON HUBBARD AND CALIFORNIA RE:

BIOGRAPHICAL MATERIALS AND DOCUMENTS

38. Cross-complainant realleges paragraphs 1 through 26 hereof and further alleges:

39. L. Ron Hubbard personally and through his agent, California promised cross-complainant that cross-complainant would have the exclusive right to collect and collate documents and materials for the purpose of writing the biography of L. Ron Hubbard in collaboration with Omar Garrison and that cross-complainant would have the right to hold and possess said documents and materials.

40. In consideration of the foregoing promises made by Hubbard and his agent, California, cross-complainant provided labor for a period of approximately two and one half years, working 60 - 80 hours per week collecting, collating and indexing said documents and materials and maintaining possession of them for the purpose of collaborating with Garrison for the purpose of writing said biography.

41. Cross-complainant and Garrison have fulfilled each and every promise and obligation made by them as hereinabove set forth. They have collected, collated and indexed said documents

and materials for the purpose of writing said biography.

42. Hubbard and his agents have breached the aforesaid agreement by refusing to allow cross-complainant to use said materials for the purpose of writing said biography and have wrongfully sought to regain possession of them.

43. Cross-complainant's labor for a period of approximately 30 months was expressly provided in consideration of the aforesaid agreement. Cross-complainant's labor has a value of \$100,000.00 for said period at a rate of \$40,000.00 per year. Cross-complainant claims damages against Hubbard and California in the amount of \$100,000.00.

WHEREFORE, cross-complainant prays for judgment against cross-defendants, each, as follows:

FIRST CAUSE OF ACTION

1. General damages in the sum of Five Million Dollars (\$5,000,000.00);

SECOND CAUSE OF ACTION

2. General damages in the sum of Five Million Dollars (\$5,000,000.00);

3. Punitive damages in the sum of Fifteen Million Dollars (\$15,000,000.00);

THIRD CAUSE OF ACTION

4. General damages in the sum of Five Million Dollars (\$5,000,000.00);

5. Punitive damages in the sum of Fifteen Million Dollars (\$15,000,000.00);

///

FOURTH CAUSE OF ACTION:

6. Special damages in the sum of \$100,000.00;

ALL CAUSES OF ACTION

7. For costs of suit incurred herein; and,

8. For such other and further relief as this Court may
deem just and proper.

DATED: September 17, 1982

CONTOS & BUNCH

By: Bruce M. Bunch
BRUCE M. BUNCH
Attorneys for Defendant
and Cross-Complainant,
GERALD ARMSTRONG

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VERIFICATION BY PARTY (466, 2015.5 C. C. P.)

STATE OF CALIFORNIA, COUNTY OF Los Angeles

A 182

I am the cross-complainant

in the above entitled action or proceeding; I have read the foregoing Cross-Complaint

and know the contents thereof; and I certify that the same is true of my own knowledge, except as to those matters which are therein stated upon my information or belief, and as to those matters I believe it to be true.

I declare, under penalty of perjury, that the foregoing is true and correct.

Executed on September 16, 1982 at Woodland Hills, California
(date) (place)


Signature GERALD ARMSTRONG

PROOF OF SERVICE BY MAIL (1013a, 2015.5 C. C. P.)

STATE OF CALIFORNIA, COUNTY OF Los Angeles

I am a resident of the county aforesaid; I am over the age of eighteen years and not a party to the within entitled action; my business address is:

5855 Topanga Canyon Blvd. Ste. 400, Woodland Hills CA 91367

On September 17, 1982, I served the within Cross-Complaint for

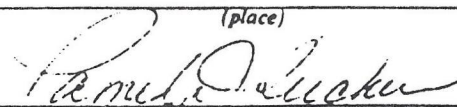
on the parties herein
in said action, by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the United States mail at Woodland Hills addressed as follows:

CAROL E. KOHLWECK
GREY & KOHLWECK
1821 Wilshire Blvd., #210
Santa Monica CA 90403

JOHN G. PETERSON
TRABISH & PETERSON
4676 Admiralty Way, Ste. 902
Marina Del Rey, CA 90291

I declare, under penalty of perjury, that the foregoing is true and correct.

Executed on Sept. 17, 1982 at Woodland Hills, California
(date) (place)


Signature

PAMELA J. RUCKER

VERIFICATION BY PARTY (466, 2015.5 C.C. P.)

STATE OF CALIFORNIA, COUNTY OF

A 183

I am the _____

in the above entitled action or proceeding. I have read the foregoing _____

and know the contents thereof; and I certify that the same is true of my own knowledge, except as to those matters which are therein stated upon my information or belief, and as to those matters I believe it to be true.

I declare, under penalty of perjury, that the foregoing is true and correct.

Executed on _____ at _____, California
(date) (place)

Signature

PROOF OF SERVICE BY MAIL (1013a, 2015.5 C. C. P.)

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am a resident of the county aforesaid; I am over the age of eighteen years and not a party to the within entitled action; my business address is:

5855 Topanga Canyon Blvd., Ste. 400, Woodland Hills CA 91367

On September 17, 1982, I served the within CROSS-COMPLAINT

on the _____ parties herein _____
in said action. ~~XX~~

~~XX~~
BY HAND DELIVERY TO:

LAWRENCE E. HELLER
LENSKE, LENSKE, HELLER & MAGASIN
A Law Corporation
6400 Canoga Ave., Ste. 315
Woodland Hills, CA 91367

I declare, under penalty of perjury, that the foregoing is true and correct.

Executed on Sept. 17, 1982 at Woodland Hills, California
(date) (place)

Lena Peyton
Signature
LENA PEYTON